

Gold once collected by lawbreakers

By Roger Boye

This week's column answers questions about gold and the new American Eagle coin.

Q—My grandfather says that years ago, Americans broke the law if they bought gold coins. Is that true?

H.B., Chicago

A—In part. From 1934 to 1974, U.S. citizens could not own gold, except for coins with collector value [such as U.S. gold pieces minted before April 5, 1933]. A Dec. 31, 1974, law removed the ban on gold ownership.

Q—How does the metal composition of the new American Eagle compare with old U.S. gold coins?

T.N., Oak Park

A—Eagles are 91.67 percent gold [22 karat], 3 percent silver and 5.33 percent copper, while most of the coins minted before 1934 are 90 percent gold and 10 percent copper. Officials made the change so that the gold content in Eagles would match many other bullion coins, such as the South African Krugerrand.

Q—Do the words "fineness" and "karat" mean the same thing?

Y.W., Rockford

A—Both terms denote gold purity, with "fineness" in decimal form and "karat" on a 24-point scale [with 24 karat pure gold]. For example, a coin made with equal parts of gold and copper would be ".500 fine" or "12 karat."

Q—Is "California gold" rare? We own two such items, each dated 1854, and each depicting the fraction "1/2."

S.P., Chicago

A—California gold coins, issued by private businessmen to relieve a shortage of government money in the West during the mid-1800s, are popular collectibles today, often worth at least \$100 each and sometimes as much as \$1,000. But souvenir dealers have produced thousands of worthless imitations, most of which omit any reference to value [such as "cents," "dollar" or "dol"].

Have a coin dealer or other expert check the authenticity of your specimens.